

# NORTH CAROLINA MUNICIPAL COUNCIL

*A Division of the Carolinas Municipal Advisory Council, Inc.*

*Incorporated Not For Profit*

225 TRYON RD. – SUITE 200

RALEIGH, NORTH CAROLINA 27603

March 6, 2008

Report No. 182-MM

## ONslow COUNTY NORTH CAROLINA

### NEW ISSUE & RATING BULLETIN

Listed below is a bond issue for **Onslow County, NC**, being offered for sale by the Local Government Commission in Raleigh on **March 11, 2008**. Also shown is the new Council Rating on Onslow County, based on current information supplied by the unit and including the new bonds offered. This Bulletin is issued to give you information of a general nature to be used in connection with sale information released by the Local Government Commission.

#### Sale on March 11, 2008

**\$40,000,000 Onslow County, NC, General Obligation School Bonds, Series 2008**  
(Book Entry System)

**Dated as of Date of Delivery**  
(on or about April 1, 2008)

**Maturing April 1<sup>st</sup>**

**\$ 2,000,000 in 2011/2025**  
**4,000,000 in 2026/2027**

**\$ 2,000,000 in 2028**

#### Redemption Provisions and Securities Depository

The bonds maturing on April 1, 2019 and thereafter will be subject to redemption prior to maturity, at the County's option, from any moneys that may be made available for such purpose, either in whole or in part on any date not earlier than April 1, 2018, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus interest accrued to the date fixed for redemption. **The Depository Trust Company, New York, NY.**

**The Bonds will be awarded on a True Interest Cost (TIC) basis.**

**Rating: 84 points**

**Previous Rating: 84 points**

Government Structure: Board of Commissioners (five members) and County Manager.

Mr. Alvin W. Barrett, Jr. is Interim County Manager/Finance Officer.

#### *NORTH CAROLINA MUNICIPAL COUNCIL*

*Tony L. Blalock*

Tony L. Blalock  
President

Survey made by  
Tony L. Blalock:atp

**NOTE - A New Report on Onslow County accompanies this Bulletin.**

"THIS REPORT CONSISTS OF A SUMMARY OF THE AVAILABLE INFORMATION ON THE FINANCIAL STATUS OF THE SUBJECT LOCAL GOVERNMENT UNIT. IT IS NOT PREPARED OR PRESENTED IN CONNECTION WITH THE OFFER, SALE OR PURCHASE OF ANY BOND OR SECURITY. IT IS NOT AN OPINION ON THE ADVISABILITY OF INVESTMENT IN ANY BOND OR SECURITY. THE REPORT IS OFFERED ONLY AS A SERVICE TO SUBSCRIBING MEMBERS TO PROVIDE THEM WITH ADDITIONAL INFORMATION UPON WHICH, TO MAKE THEIR OWN JUDGMENTS." All Rights Reserved - Carolinas MAC, Inc./2008

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**March 6, 2008**

**Report No. 182-MM**

## **ONslow COUNTY NORTH CAROLINA**

**(Council Rating - 84)**

County seat  
**Jacksonville**  
Land area 767 sq. mi.

Population	1970	103,126
	1980	112,784
	1990	149,838
	2000	150,355
(est.)	2007	161,221

### **CONCLUSIONS**

Onslow County is offering \$40,000,000 General Obligation School Bonds for sale on March 11, 2008. The School Bonds are the second and final series of \$90.0 million School Bonds approved by voters on November 8, 2005. Proceeds of the bonds will be used to address space needs in order to relieve crowded conditions, including expanding and renovating schools, and replacing mobile classrooms. Onslow County issued \$15.5 million COP's in 2006, to construct a new elementary school. No other bonds are authorized or definitely planned at this time. School enrollment continues to grow and additional school projects are anticipated within the next few years. The County does plan to construct a new jail/detention center and sheriff's offices. The project is estimated at \$55 million and plans are to incur installment debt in FY 2009 for this project. Onslow County has been planning to construct a new administration complex for a few years and has acquired the site for this \$23 million project. The County plans to incur installment debt for design and site preparation costs before the end of FY 2008 and will finance construction of the building in FY 2009. The new administration building will allow consolidation of offices in five buildings currently. Additionally, the County plans to replace the main library in Jacksonville (\$6.0 million) and has acquired that site.

Following the sale and issuance of the bonds on March 11<sup>th</sup>, Onslow County has a moderate gross direct debt in proportion to taxable property and on a per capita basis. Real property was reappraised for 2006 taxation and the County is operating with a lower than average ad valorem tax rate. The County's outstanding debt includes \$29.68 million installment purchase agreements, which require annual appropriations by the Board of County Commissioners for debt service. The installment debt has been used to construct schools, County buildings, library and airport improvements, a telecommunications tower and for industrial development purposes, and this debt is specifically listed in the budget document. With the addition of the planned installment contracts described above, the County's debt would be moderately high, in comparison to other NC counties.

Onslow County operates a profitable solid waste enterprise system and has outstanding \$13,163,711 Special Obligation Bonds that were used to construct a new landfill and lined cells. The current landfill has a useful life of 12-13 years. A new cell is being constructed.

Onslow County's economy is greatly influenced by the Camp Lejeune Marine Corps Base and the New River Air Station. These facilities employ approximately 45,700 military personnel and 5,400 civilians. Camp Lejeune is the largest amphibious warfare-training base in the country and its scope and mission lend to its long-term viability. Base employment has grown since our last report and the Commanding Officer has announced that another 8,000 marines and sailors are expected on base by 2011. Camp Lejeune has deployed troops to serve in the recent military actions in the Middle East, but the economy has remained relatively constant as demonstrated by retail sales. Dependents and families have remained in Jacksonville and the County. Onslow County is located along the Atlantic Ocean and the southern portion is substantially developed on Topsail Island (Surf City and North Topsail Beach) and along the Intracoastal Waterway. Other coastal communities include Swansboro and Snead's Ferry, which are also experiencing considerable development.

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**VALUATIONS AND TAXES**

Assessed Valuation for	2000-01		\$ 5,198,363,263
	2001-02		5,508,253,094
	2002-03		5,658,821,000
	2003-04		5,909,661,762
	2004-05		6,161,946,368
	2005-06		6,575,311,573
	2006-07	Real Property	\$ 9,085,017,369
		Personal Property	1,245,288,144
		Public Service Cos.	195,587,024
			\$ 10,525,892,537
(estim.)	2007-08	Real Property	9,670,772,000
		Personal Property	1,340,764,000
		Public Service Cos.	200,801,000
			\$ 11,212,337,000

Real property was reappraised for 2006 taxation and is listed at 100% of the 2006 appraised value. Property was previously reappraised for 2000 taxation.

**Tax Rate** (Based on \$100.00 assessed valuation)

<u>County Tax Rate</u>		<u>Overlapping Tax Rates</u>	
1999-00	\$ 0.694	6 Municipalities	16¢ to 62.6¢
2000-01	0.630 *	Fire Districts	(None)
2001-02	0.690		
2002-03	0.680		
2003-04	0.670		
2004-05	0.670		
2005-06	0.670		
2006-07	0.503 *		
2007-08	0.503		

\* Real property was reappraised for 2006 taxation and previously for 2000 taxation.

**Tax Collection Record** (Fiscal year July 1st to June 30th)

	2003-04	2004-05	2005-06	2006-07
Levy	\$ 39,898,477	\$ 41,706,285	\$ 44,529,253	\$ 53,653,802
Collected to 6-30-2007	39,577,774	41,221,822	43,814,039	51,939,566
Uncollected	\$ 320,703	\$ 484,463	\$ 715,214	\$ 1,714,236
Percent delinquent	0.80%	1.16%	1.61%	3.19%
Collected in year levied	\$ 38,277,332	\$ 40,051,767	42,630,818	\$ 51,939,566
Percent collected in year levied	95.94%	96.03%	95.74%	96.81%
% Collected on real and personal property	97.37%	97.52%	97.40%	98.03%
% Collected on moter vehicles	84.83%	84.45%	83.92%	83.83%
Uncollected 2002 and prior years - \$1,238,198				

NOTE - As of Dec. 31, 2007, the County had collected approximately 81.55% of the 2007-08 tax levy. The 2007 levy became delinquent as of January 7, 2008.

**Largest Taxpayers** (2006 Taxes)

	<u>Valuation</u>	<u>% of Total</u>	<u>Tax Levy</u>
Jones-Onslow EMC (electric utility)	\$ 88,687,007	0.84%	\$ 446,096
Carolina Telephone/Embarq (telecommunications)	55,852,283	0.53%	280,937
Progress Energy/CP&L (electric utility)	37,306,935	0.35%	187,654
Crown-America Acquisition, LP (commercial real estate)	36,967,910	0.35%	185,949
Brunswick Timber, LLC (land and real estate development)	33,394,192	0.32%	167,973
Island Camp, Inc. and Others (real estate)	24,501,100	0.23%	123,241
Robert J. Finlay (real estate)	23,919,920	0.23%	120,317
Kenneth P. Whichard, Jr. (real estate)	16,547,831	0.16%	83,236
Marine Federal Credit Union (banking services)	15,637,470	0.15%	78,656
Jacksonville Commons, LLC (commercial real estate)	13,659,132	0.13%	68,705

**OPERATIONS****Revenue and Expenses** (Fiscal years ended June 30, 2006 and 2007)

Financial Statements	FY 2006	FY 2007
<b>Revenue</b>		
Ad Valorem Taxes	\$ 44,341,258	\$ 43,731,184
Sales Tax	28,802,387	30,768,964
Occupancy Tax	1,206,736	1,340,080
Beer & Wine Taxes	359,927	555,178
Licenses, Permits and Fees	3,698,667	3,820,408
Unrestricted Intergovernmental	2,675,369	2,140,643
Restricted Intergovernmental	27,681,670	31,383,757
Sales & Services	5,451,813	5,383,869
Water & Sewer Operations	-	-
Solid Waste Operations	6,064,461	5,867,426
Investment Earnings	2,291,579	3,343,896
ABC Profits - liquor sales	461,435	492,349
Loan Proceeds	51,186	-
From Capital Projects Funds	-	-
Miscellaneous	1,150,281	783,889
<b>Total Revenues</b>	<b>\$ 124,236,769</b>	<b>\$ 139,413,822</b>
<b>Expenses</b>		
General and Administrative	\$ 10,720,288	\$ 11,566,039
Public Safety	17,035,964	18,425,153
Environmental Protection	434,101	457,485
Economic & Physical Development	1,407,348	2,513,484
Human Services	38,864,530	42,126,278
Cultural & Recreational	3,184,107	5,581,394
General Capital Outlay	3,137,934	1,492,828
Airport Operations	1,105,153	1,325,066
Education - Operations	22,365,745	25,811,700
Capital Outlay	3,000,000	3,000,000
Community College - Operations	2,100,000	2,355,000
Capital Outlay	300,000	300,000
Solid Waste- Operations	2,162,265	2,290,000
Capital Outlay	69,728	507,064
Water & Sewer	-	-
To Community Devel. Fund	30,000	-
To Capital Project Funds	1,442,682	3,827,778
To Onslow-Carteret Behav. Services	1,953,122	-
Debt Service	8,073,647	12,043,980
<b>Total Expenses</b>	<b>\$ 117,386,614</b>	<b>\$ 133,180,133</b>
<b>Net Operating Income</b>	<b>\$ 6,850,155</b>	<b>\$ 6,234,333</b>
<b>Cash and Investments</b>	<b>6-30-2006</b>	<b>6-30-2007</b>
<b>Included Funds</b>		
General Fund	\$ 23,123,209	\$ 41,154,571
Special Revenue Funds	892,586	991,342
Water & Sewer Fund	-	-
Solid Waste Fund	15,007,150	33,237,140
<b>Totals</b>	<b>\$ 39,022,945</b>	<b>\$ 55,383,053</b>
<b>Excluded Funds</b>		
County Capital Projects Fund	\$ 1,685,827	\$ 5,341,872
School Capital Projects Fund *	65,027,260	48,178,524
Community Devel. Fund	30,000	27,000
Solid Waste/Landfill Reserve Funds	-	-
Pension Trust Fund	221,516	246,974
<b>Totals</b>	<b>\$ 66,964,603</b>	<b>\$ 53,793,370</b>
<b>Fund Balance (General Fund)</b>		
Unreserved/Undesignated	\$ 19,924,926	\$ 15,131,174
% of GF Expenditures	17.99%	15.83%
Designated for subsequent year's budget	\$ 7,527,014	\$ 12,165,670
Designated for other purposes	3,286,652	3,286,652

\* Consists primarily of unspent bond/COP's sale proceeds.

NOTE - Onslow County transferred all assets and liabilities of the water and sewer systems to the Onslow Water &amp; Sewer Authority, effective 7-1-2004 and the County transferred operational responsibility to the Authority on July 1, 2005.

March 6, 2008

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Report No. 182-MM  
Onslow CountyStatement of Activities

Year Ended June 30, 2007

Year Ended June 30, 2007	Program Revenues				Net (Expense) Revenue & Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ (12,909,363)	\$ 3,577,375	\$ 461,122	\$ 31,474	\$ (8,839,392)	\$ -	\$ (8,839,392)
Public safety	(19,577,706)	3,152,260	1,264,461	-	(15,160,985)	-	(15,160,985)
Transportation	(2,053,678)	1,190,734	6,191	280,985	(575,768)	-	(575,768)
Economic development	(2,591,171)	-	274,654	-	(2,316,517)	-	(2,316,517)
Human services	(42,412,075)	33,552	25,943,895	-	(16,434,628)	-	(16,434,628)
Environmental protection	(457,485)	-	-	-	(457,485)	-	(457,485)
Culture and recreation	(3,800,632)	92,809	413,756	-	(3,294,067)	-	(3,294,067)
Education	(52,651,290)	-	1,135,270	2,088,696	(49,427,324)	-	(49,427,324)
Interest on Debt	(4,593,063)	-	-	-	(4,593,063)	-	(4,593,063)
Total governmental activities	\$ (141,046,463)	\$ 8,046,730	\$ 29,499,349	\$ 2,401,155	\$ (101,099,229)	\$ -	\$ (101,099,229)
<b>Business-type activities:</b>							
Water and Sewer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Solid Waste	(4,384,331)	6,089,872	-	-	-	1,705,541	1,705,541
Total Business-Type Activities	\$ (4,384,331)	\$ 6,089,872	\$ -	\$ -	\$ -	\$ 1,705,541	\$ 1,705,541
Total government	\$ (145,430,794)	\$ 14,136,602	\$ 29,499,349	\$ 2,401,155	\$ (101,099,229)	\$ 1,705,541	\$ (99,393,688)
<b>General Revenues:</b>							
Property Taxes, levied for general purposes					\$ 53,659,841	\$ -	\$ 53,659,841
Local Option Sales Taxes					30,764,964	-	30,764,964
Other Taxes and Licenses					2,613,082	-	2,613,082
Investment Earnings, unrestricted					5,098,147	879,928	5,978,075
Grants & Contributions, not restricted					2,762,022	-	2,762,022
Miscellaneous, unrestricted					794,004	-	794,004
Gain (loss) on sale of assets					(223,927)	-	(223,927)
Special Items					-	-	-
Transfers					-	-	-
Total general revenues, special items and transfers					\$ 95,468,133	\$ 879,928	\$ 96,348,061
Changes in net assets					(5,631,096)	2,585,469	(3,045,627)
Net assets - beginning					42,888,471	13,116,874	56,005,345
Net assets - ending					\$ 37,257,375	\$ 15,702,343	\$ 52,959,718
<b>Statement of Net Assets</b>							
Cash and Cash Equivalents					\$ 95,693,409	\$ 17,277,140	\$ 112,970,549
Inventories					129,359	8,731	138,090
Other Current Assets					17,501,502	734,482	18,235,984
Capital Assets					22,403,216	1,494,287	23,897,503
Land, Improvements & Construction in Process					17,181,708	10,028,511	27,210,219
Total Assets					\$ 152,909,194	\$ 29,543,151	\$ 182,452,345
Accounts Payable and Accrued Liabilities					\$ 12,582,822	\$ 111,202	\$ 12,694,024
Other Current Liabilities					282,976	-	282,976
Long-term Liabilities - due in one year					6,839,892	2,418,411	9,258,303
Long-term Liabilities - due in more than one year					95,946,126	11,311,195	107,257,321
Total Liabilities					\$ 115,651,816	\$ 13,840,808	\$ 129,492,624
Net Assets:							
Invested in Capital Assets, net of debt					\$ 30,332,129	\$ 4,339,757	\$ 34,671,886
Restricted					1,569,093	-	1,569,093
Unrestricted (deficit)					5,356,154	11,362,586	16,718,740
Total net assets					\$ 37,257,376	\$ 15,702,343	\$ 52,959,719

Solid Waste Enterprise

Onslow County operates an enterprise system for receipt, transfer and disposal of solid waste. In 1997 and 2000, the County issued Solid Waste Disposal Special Obligation Bonds to construct a new Subtitle "D" landfill with lined cells. Onslow County sold \$8,022,838 Special Obligation Bonds in December 2007, to refund and redeem the Series 2000 Bonds (\$1,312,838), with the remaining proceeds being used to construct a new lined cell (Phase III). This cell is expected to have a useful life of about five years and the current landfill site is expected to remain usable for 12-13 years. The enterprise system includes eleven convenience centers for collection of solid waste and recyclables.

System operations are funded from tipping fees of \$45.00 per ton and residents are charged \$1.50 per bag (30 gals.) of garbage taken to the convenience centers. The fee for clean construction materials is \$24.00 per ton.

Operation of the solid waste enterprise system was as follows:

	2003-04	2004-05	2005-06	2006-07
Operating Revenue	\$ 5,125,881	\$ 5,470,632	\$ 6,064,461	\$ 5,867,426
Operating Expenses *	3,785,572	3,710,294	3,970,296	4,089,848
Operating Profit or (Loss)	\$ 1,340,309	\$ 1,760,338	\$ 2,094,165	\$ 1,777,578
Other Revenues	106,578	279,722	589,314	879,928
Profit or (Loss)	\$ 1,446,887	\$ 2,040,060	\$ 2,683,479	\$ 2,657,506
Interest on Debt	472,397	443,307	387,957	330,654
Net Profit or (Loss)	\$ 974,490	\$ 1,596,753	\$ 2,295,522	\$ 2,326,852
<b>* Includes depreciaton of</b>	<b>\$ 1,435,774</b>	<b>\$ 1,434,515</b>	<b>\$ 1,619,812</b>	<b>\$ 1,663,431</b>
Cash & Investments	\$ 10,682,336	\$ 12,316,727	\$ 15,007,150	\$ 17,277,140
Restricted Cash & Investments	290,473	144,046	-	-

Special Obligation Bonds \$13,163,711

Onslow County has issued Special Obligation Bonds for construction of landfill cells and expansion of the landfill. The bonds are described as follows:

<u>Dated</u>	<u>Description</u>	<u>Rate</u>	<u>Issued</u>	<u>Outstanding</u>	<u>Payable</u>	
5-25-2003	Refunding Sp. Oblig, 2003A	3.33%	\$ 5,009,848	\$ 2,825,373	\$ 309,063.16	(prin. & int.) semi-ann.
5-28-2003	Solid Waste Sp. Oblig., 2003B	3.81%	4,210,000	2,315,500	210,500.00	(principal) semi-ann.
12-1-2007	Landfill Spec. Oblig., 2007	3.54%	8,022,838	8,022,838	(various)	(prin. + int.) semi-ann.

Special Obligation Bond Requirements (Fiscal year July 1<sup>st</sup> to June 30<sup>th</sup>)

	<u>Principal</u>	<u>Prin. &amp; Int.</u>		<u>Principal</u>	<u>Prin. &amp; Int.</u>
2007-08	\$ 1,189,030	\$ 1,604,267	2013-14	\$ 680,000	\$ 884,400
2008-09	2,045,801	2,331,135	2014-15	705,000	871,320
2009-10	2,113,230	2,303,175	2015-16	730,000	856,840
2010-11	1,604,894	1,704,036	2016-17	755,000	840,960
2011-12	1,649,164	1,978,836	2017-18	780,000	823,680
2012-13	1,379,515	1,947,236	Total	\$ 13,631,635	\$ 16,145,885

Avg. Annual Requirements  
\$ 1,467,808

Maximum Year's Requirement  
\$ 2,331,135

Water and Sewer System

The County, along with several municipalities (Jacksonville, Holly Ridge, North Topsail Beach, Richlands, Swansboro), formed the Onslow Water and Sewer Authority (ONWASA). Effective June 30, 2004, Onslow County transferred the assets and liabilities of its water and sewer utilities to the Authority. During fiscal year 2005, the County utilities department operated the system under contract for the Authority. On July 1, 2005, the Authority assumed full operational responsibility of the system. The municipalities either turned their systems over to the Authority, or signed contracts as wholesale customers of ONWASA.

**Onslow County no longer operates a water/sewer utility.**

Liquor Revenue

The Onslow County ABC Board operates six liquor stores. The enabling legislation provides that a percentage of the net profits are to be distributed to the municipality in which the store is located and the remainder is distributed to Onslow County. County revenue from this source amounted to \$221,135 in 2000-01; \$240,172 in 2001-02; \$262,549 in 2002-03; \$339,748 in 2003-04; \$375,999 in 2004-05; \$461,435 in 2005-06 and \$492,349 in 2006-07.

**DEBT**Indebtedness (3-6-2008)

Bonds - General	\$	2,023,020	
School		67,356,980	
School - New Issue of 3-11-2008		40,000,000 *	
Installment Obligations		29,683,669	
Gross Debt	\$	139,063,669	
Utility Bonds		-	
		Net Debt (1.24%)	\$ 139,063,669
Per capita gross debt (County-wide only)			\$ 863

\* Being offered for sale on March 11, 2008

Relative Debt Burden

Gross County-wide Debt			\$ 139,063,669
Liquor Revenue Capitalized (3 year avg.)	\$	4,432,610	
Guaranteed Energy Contract		835,412	5,268,022
Capitalized Debt			\$ 133,795,647
Hypothetical debt based on relative ability to pay	108%		\$ 123,884,858
Hypothetical per capita debt burden			\$ 768

**NOTE** - This section is inserted primarily for rating purposes. Outstanding debt is adjusted by deducting capitalized special revenues and adding proportionate overlapping obligations. The debt is further adjusted in accordance with certain resources of the unit so as to better reflect the burden it represents in relation to the normal North Carolina county.

General Obligation Bonds \$69,380,000

<u>Dated</u>	<u>Description</u>	<u>Rate</u>	<u>Issued</u>	<u>Outstanding</u>	<u>Maturing</u>
2-1-2000	Courthouse, 2000	5.50%	\$ 300,000	\$ 100,000	2-1-2009
				100,000	2-1-2010
2-1-2000	Courthouse, 2000	5.60%	100,000	100,000	2-1-2011
2-1-2000	Courthouse, 2000	5.70%	450,000	100,000	2-1-2012
				100,000	2-1-2013
				100,000	2-1-2014
				150,000	2-1-2015
2-1-2000	Courthouse, 2000	5.80%	150,000	150,000	2-1-2016
2-1-2000	Courthouse, 2000	6.00%	600,000	600,000	2-1-2017
					2-1-2018
6-1-2004	Refunding, 2004	3.25%	1,050,000	1,050,000	3-1-2009
6-1-2004	Refunding, 2004	5.00%	1,030,000	1,030,000	3-1-2010
6-1-2004	Refunding, 2004	4.00%	1,025,000	1,025,000	3-1-2011
6-1-2004	Refunding, 2004	5.00%	1,005,000	1,005,000	3-1-2012
6-1-2004	Refunding, 2004	4.00%	3,900,000	1,000,000	3-1-2013
				985,000	3-1-2014
				965,000	3-1-2015
				950,000	3-1-2016
6-1-2006	Refunding, Ser. 2006	4.00%	8,355,000	1,215,000	5-1-2008
				1,200,000	5-1-2009
				1,185,000	5-1-2010
				1,175,000	5-1-2011
				1,160,000	5-1-2012
				1,145,000	5-1-2013
6-1-2006	Refunding, Ser. 2006	4.25%	3,250,000	1,130,000	5-1-2014
				1,065,000	5-1-2015
				1,055,000	5-1-2016
6-1-2006	Refunding, Ser. 2006	5.25%	1,040,000	1,040,000	5-1-2017
6-1-2006	School, Ser. 2006	4.00%	7,500,000	1,500,000	6-1-2008
				1,500,000	6-1-2009
				1,500,000	6-1-2010
				1,500,000	6-1-2011
6-1-2006	School, Ser. 2006	5.00%	6,000,000	1,500,000	6-1-2012
				1,500,000	6-1-2013
				1,500,000	6-1-2014
				1,500,000	6-1-2015
6-1-2006	School, Ser. 2006	4.00%	1,500,000	1,500,000	6-1-2016
6-1-2006	School, Ser. 2006	5.00%	14,100,000	2,450,000	6-1-2017
				3,750,000	6-1-2018
				3,950,000	6-1-2019
				3,950,000	6-1-2020
6-1-2006	School, Ser. 2006	4.375%	11,850,000	3,950,000	6-1-2021
				3,950,000	6-1-2022
				3,950,000	6-1-2023
6-1-2006	School, Ser. 2006	4.50%	9,050,000	3,950,000	6-1-2024
				3,950,000	6-1-2025
				1,150,000	6-1-2026



General Obligation Bond Requirements (Fiscal year July 1st to June 30th)

	<u>Principal</u>	<u>Prin. &amp; Int.</u>	<u>School, 2008 *</u>
2007-08	\$ 3,890,000	\$ 7,054,188	\$ -
2008-09	3,850,000	6,867,838	-
2009-10	3,815,000	6,685,213	-
2010-11	3,800,000	6,505,813	2,000,000
2011-12	3,765,000	6,317,213	2,000,000
2012-13	3,745,000	6,119,863	2,000,000
2013-14	3,715,000	5,923,363	2,000,000
2014-15	3,680,000	5,720,238	2,000,000
2015-16	3,655,000	5,527,825	2,000,000
2016-17	3,890,000	5,611,288	2,000,000
2017-18	3,950,000	5,470,188	2,000,000
2018-19	3,950,000	5,270,688	2,000,000
2019-20	3,950,000	5,073,188	2,000,000
2020-21	3,950,000	4,875,688	2,000,000
2021-22	3,950,000	4,702,875	2,000,000
2022-23	3,950,000	4,530,063	2,000,000
2023-24	3,950,000	4,357,250	2,000,000
2024-25	3,950,000	4,179,500	2,000,000
2025-26	1,150,000	1,201,750	4,000,000
2026-27			4,000,000
2027-28			2,000,000
<b>Totals</b>	<b>\$ 70,555,000</b>	<b>\$ 101,994,025</b>	<b>\$ 40,000,000</b>

\* Being offered for sale on March 11, 2008.

Installment Obligations \$29,683,669

<u>Outstanding</u>	<u>Purpose</u>	<u>Rate(s)</u>	<u>Payable</u>
\$ 14,725,000	School COP's, 2006	4.0% to 5.0%	\$ 775,000 (prin.) annually
411,349	Industrial Dev.	3.500%	26,294 (p&i) quarterly
41,017	Building	4.40%	4,186 (p&i) monthly
942,500	Telecom. Tower	5.57%	72,500 (prin.) semi-ann.
1,721,067	Building	5.41%	107,567 (prin.) semi-ann.
948,918	Industrial Dev.	3.50%	35,239 (p&i) quarterly
6,000,000	School Facilities	3.96%	300,000 (prin.) semi-ann.
114,584	Indust. Park/Streets	0.000%	2,083 (prin.) monthly
460,000	Library/Airport	4.27%	23,000 (prin.) semi-ann.
1,232,667	Building	3.90%	28,667 (prin.) quarterly
1,833,333	School Facilities	4.18%	41,667 (prin.) quarterly
417,823	Industrial Dev.	4.125%	26,921 (p&i) quarterly
835,412	Guar. Energy Contract	3.91%	(various) quarterly

The above agreements are payable in the minimum installments annually as follows:

<u>Principal</u>	<u>Prin. &amp; Int.</u>	<u>Principal</u>	<u>Prin. &amp; Int.</u>
2007-08	\$ 2,454,172	2017-18	\$ 1,499,350
2008-09	2,455,727	2018-19	1,131,687
2009-10	2,446,803	2019-00	775,000
2010-11	2,462,878	2020-21	775,000
2011-12	2,476,958	2021-22	775,000
2012-13	2,264,431	2022-23	775,000
2013-14	2,265,966	2023-24	775,000
2014-15	2,203,786	2025-25	775,000
2015-16	1,958,072	2025-26	775,000
2016-17	1,792,709	<b>Total</b>	<b>\$ 30,837,539</b>
			<b>\$ 41,330,830</b>

Comparative Debt Statement

<i>Tax Supported Debt:</i>	June 2, 1979	Mar. 28, 1995	June 2, 2006	Mar. 11, 2008
Bonds	\$ 8,425,000	\$ 35,190,100	\$ 74,530,000	\$ 109,380,000 *
Notes	-	400,000	-	-
Installment Obligations	-	119,430	31,792,000	29,683,669
Gross Debt	\$ 8,425,000	\$ 35,709,530	\$ 106,322,000	\$ 139,063,669
Net Debt	8,425,000	31,289,430	106,322,000	139,063,669
<i>Revenue Obligations:</i>				
Water & Sewer Bonds		\$ 11,460,000	\$ -	\$ -
Special Obligation Bonds		-	8,570,339	13,163,711
Revenue Notes		-	-	-
Total Revenue Debt		\$ 11,460,000	\$ 8,570,339	\$ 13,163,711

\* Includes \$40,000,000 G.O. School Bonds being offered for sale on March 11, 2008.

Other Post-Employment Benefits

The County is self-insured for health insurance and provides post employment benefits ("OPEB") for retirees of the County. The County funds 100% of the cost of the retirees' health insurance for those employees who retire with full or reduced benefits with at least 10 years of continuous service immediately before retirement. Funds are appropriated each year to meet the obligation on a pay-as-you-go basis. Employees are also allowed to purchase coverage for their dependents at the County's group rate.

Onslow County has obtained an actuarial valuation of its OPEB based on data for December 31, 2005. The actuarial valuation quantified an unfunded liability of \$22,772,215 to be amortized over 30 years, and an annual required contribution (ARC) of \$2,349,724, comprised of normal cost of \$1,561,969 and accrued liability of \$787,755. The valuation was completed using a 4.00% discount rate.

The County currently funds OPEB on an annual pay-as-you-go basis under a self-insured plan, with actual benefits paid of approximately \$500,000, net of retiree contributions, for the fiscal year ended June 30, 2007.

Recent Bond Sales

On May 16, 2006, Onslow County sold \$50,000,000 general obligation bonds (average maturity 12.40 years) to Banc of America Securities LLC at a premium of \$588,354.00 (true interest cost of 4.4876%). The bonds are additionally insured by a policy with **MBIA Insurance Corporation** and are described as follows:

\$ 7,500,000	G O School, 2006	Dated	June 1, 2006	Due	June 1, 2007/2011
6,000,000	G O School, 2006	"	June 1, 2006	"	June 1, 2012/2015
1,500,000	G O School, 2006	"	June 1, 2006	"	June 1, 2016
14,100,000	G O School, 2006	"	June 1, 2006	"	June 1, 2017/2020
11,850,000	G O School, 2006	"	June 1, 2006	"	June 1, 2021/2023
9,050,000	G O School, 2006	"	June 1, 2006	"	June 1, 2024/2026

Redemption Provisions, Securities Depository and Bond Counsel

The Bonds maturing on June 1, 2017 and thereafter are subject to redemption prior to maturity, at the County's option, from any moneys that may be made available for such purposes, either in whole or in part on any date not earlier than June 1, 2016 at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the date fixed for redemption. The Depository Trust Company, New York, NY serves as securities depository and Sanford Holshouser LLP served as Bond Counsel.

Recent Bond Sales – continue

On that same date, Onslow County sold \$12,645,000 General Obligation Refunding Bonds (average maturity 5.71 years) to R W Baird & Co. at a premium of \$179,892.02 (true interest cost of 3.9912%). The bonds are additionally insured by a policy with **XL Capital Assurance Inc.** and are described as follows:

\$ 8,355,000	G O Refunding. 2006	Dated	June 1, 2006	Due	May 1, 2007/2013
3,250,000	G O Refunding. 2006	"	June 1, 2006	"	May 1, 2014/2016
1,040,000	G O Refunding. 2006	"	June 1, 2006	"	May 1, 2017

Redemption Provisions, Securities Depository and Bond Counsel

The Refunding Bonds are not subject to redemption prior to maturity. The Depository Trust Company, New York, NY serves as securities depository and Sanford Holshouser LLP served as Bond Counsel.

Debt Planned

On November 8, 2005, County voters approved \$90,000,000 School Bonds at a referendum (6,137 for / 2,784 against) and the County is offering the final \$40,000,000 School Bonds under this authorization on March 11, 2006. The bonds will be dated as of their date of delivery (on or about April 1, 2008) and will mature (subject to right of prior redemption) annually on April 1, 2011/2028. The bonds will be issued in book-entry form payable through the Depository Trust Company and will be awarded on a True Interest Cost basis. No other bonds are definitely planned at this time, but school enrollment continues to grow and additional debt for school construction is likely.

Additionally, Onslow County plans to construct a new jail/detention center adjacent to the current jail, which is to be financed in fiscal year 2009 through an installment contract of approximately \$55 million. The County plans to construct a new administrative complex (\$15-20 million), which would allow consolidation of offices and employees that are currently housed in five different locations. The County is moving forward with design and site work. Also, Onslow County plans to replace its main library over the next few years, at a cost of \$6 million. Land for this facility has already been secured.

Record of Debt Payment

According to sources considered to be reliable, the County has met debt service requirements without delay since 1936.

The N. C. Local Government Commission is authorized by Statute to impound the books and records of any unit of local government and assume full control of all its financial affairs if the unit defaults on any debt service payment or, in the opinion of the Commission, would default on a future debt service payment if the financial policies and practices of the unit are not improved.

**ECONOMY/RESOURCES**Larger Industrial Employers

<u>Company</u>	<u>Products/Services</u>	<u>Employment</u>
Stanadyne, Inc.	Fuel Injection Equipment	300
Mine Safety Appliances	Goggles, Gas Masks	240
Hatteras Yachts	Yachts	240
ConAgra Foods Inc.	Frozen Turnovers	220
The Daily News	Newspaper	165

Larger Non-Industrial Employers

<u>Company/Organization</u>	<u>Products/Services</u>	<u>Employment</u>
US Marine Corps Base - Camp Lejeune	Military Installation	45,690
Camp Lejeune Civil Service	Civilian Employees	5,390
Onslow County Schools	Public Education	3,800
Onslow County	Local Government	1,070
Onslow Memorial Hospital	Health Care	1,100
Wal-Mart and Associates	Discount Retailer	595
Convergys Marketing	Telemarketing	520
Camp Lejeune Dependent Schools	Public Education	500
City of Jacksonville	Local Government	480
Food Lion, LLC	Supermarkets	450
McDonald's	Restaurants	380
Marine Federal Credit Union	Financial Services	360
PRC, LLC	Call Center	320
Coastal Carolina Community College	Secondary Education	290
Brynn Marr Hospital	Health Care	270
US Postal Service	Postal Delivery Services	220
CustomerLinx of North Carolina	Customer Service	180
Lowe's Home Centers, Inc.	Building Supplies/Home Center	170
Jones-Onslow EMC	Electric Utility	170
Atlantic Coast Foods	Restaurants	160
Britthaven, Inc.	Nursing Home	135
Omega World Travel	Data Processing Center	135
Sears Roebuck & Co.	Retail Sales/Dept. Store	125
Match Point Resources	Employment Agency	120
Boddie-Noell Enterprises, Inc.	Restaurants	120
Home Depot	Building Supplies/Home Center	110

Unemployment Rates

<u>Period</u>	<u>Onslow Co.</u>	<u>N C</u>	<u>U S</u>
December 2007		4.7%	4.8%
November 2007		4.6%	4.5%
October 2007		4.5%	4.4%
September 2007		4.4%	4.5%
August 2007		4.7%	4.6%
July 2007		5.0%	4.9%
June 2007		4.8%	4.7%
May 2007		4.6%	4.3%
April 2007		4.4%	4.3%
March 2007		4.4%	4.5%
February 2007		4.9%	4.9%
January 2007		5.0%	5.0%
<b>2007 Avg.</b>	<b>4.4%</b>	<b>4.7%</b>	<b>4.6%</b>
December 2006		4.7%	4.5%
November 2006		4.9%	4.5%
October 2006		4.5%	4.4%
September 2006		4.5%	4.6%
August 2006		4.8%	4.7%
July 2006		4.8%	4.8%
June 2006		4.6%	4.6%
May 2006		4.6%	4.6%
April 2006		4.3%	4.7%
March 2006		4.5%	4.7%
February 2006		4.6%	4.8%
January 2006		4.3%	4.7%
<b>2006 (Avg.)</b>	<b>4.6%</b>	<b>4.6%</b>	<b>4.6%</b>
<b>2005 (Avg.)</b>		<b>5.3%</b>	<b>5.1%</b>
<b>2004 (Avg.)</b>		<b>5.3%</b>	<b>5.5%</b>
<b>2003 (Avg.)</b>		<b>6.3%</b>	<b>6.0%</b>
<b>2002 (Avg.)</b>		<b>6.4%</b>	<b>5.7%</b>
<b>2001 (Avg.)</b>		<b>5.5%</b>	<b>4.7%</b>
<b>2000 (Avg.)</b>		<b>3.5%</b>	<b>4.0%</b>

Workforce by Industry

Employment & Wages - 2nd Quarter 2007	Avg. Empl.	% Total	County Avg. Weekly Wage	NC Avg. Weekly Wage
<b>Onslow County</b>				
Total All Industries	44,934	100.0%	\$ 515.00	\$ 718.00
Total Government	12,806	28.5%	727.00	754.00
Total Private Industry	32,128	71.5%	430.00	711.00
Agriculture Forestry Fishing & Hunting	231	0.5%	547.00	517.00
Mining	*	*	*	1,176.00
Utilities	*	*	*	1,378.00
Construction	3,278	7.3%	548.00	729.00
Manufacturing	923	2.1%	568.00	876.00
Wholesale Trade	503	1.1%	604.00	1,021.00
Retail Trade	7,085	15.8%	414.00	468.00
Transportation and Warehousing	738	1.6%	590.00	721.00
Information	529	1.2%	662.00	1,025.00
Finance and Insurance	971	2.2%	575.00	1,183.00
Real Estate and Rental and Leasing	664	1.5%	435.00	673.00
Professional and Technical Services	1,331	3.0%	629.00	1,082.00
Management of Companies and Enterprises	373	0.8%	577.00	1,374.00
Administrative and Waste Services	3,590	8.0%	372.00	505.00
Educational Services	147	0.3%	665.00	711.00
Health Care and Social Assistance	3,441	7.7%	528.00	688.00
Arts, Entertainment and Recreation	352	0.8%	228.00	551.00
Accommodation and Food Services	6,334	14.1%	219.00	260.00
Other Services (Excluding Public Admin.)	1,189	2.6%	358.00	475.00
Public Administration				765.00
Unclassified	197	0.4%	424.00	651.00

\* Small numbers which may identify individual employers.

Population Trend

	<u>Population</u>	<u>Growth</u>
1970	103,126	
1980	112,784	9.37%
1990	149,838	32.85%
2000	150,355	0.35%
2002 (est.)	152,424	1.38%
2004 (est.)	159,711	4.78%
2006 (est.)	161,212	0.94%
2007 (est.)	161,221	0.01%

Per Capita Income

<u>Year</u>	<u>Onslow County</u>	<u>% of State Avg.</u>	<u>NC</u>
1999	\$ 22,011	86.1%	\$ 25,560
2000	22,900	84.6%	27,068
2001	24,375	88.7%	27,489
2002	23,935	87.0%	27,508
2003	25,615	91.7%	27,922
2004	28,320	95.8%	29,569
2005	32,705	105.4%	31,041

Retail/Taxable Sales

	<u>Retail Sales</u>	<u>Growth</u>	<u>Taxable Sales</u>	<u>Growth</u>	<u>Retail Sales - On Base Camp Lejeune *</u>
1998-99	\$ 1,051,340,706	2.02%			
1999-00	1,055,500,374	0.40%			
2000-01	1,073,255,480	1.68%			\$ 135,706,468
2001-02	1,101,168,235	2.60%			155,066,018
2002-03	1,190,439,168	8.11%			155,119,973
2003-04	1,377,247,800	15.69%			160,500,000
2004-05	1,483,510,026	7.72%			167,200,000
2005-06			\$ 1,127,700,627		N/A
2006-07			1,237,477,858	9.73%	N/A
2007-08 **			394,772,933		

\* Not subject to sales and use tax.

\*\* Four months, through October 2007

NOTE - Beginning July 1, 2005, the NC Dept. of Revenue began compiling information only for "Taxable Retail Sales," as certain items (including qualifying food items) are not subject to sales tax in NC.

School Enrollment

School Year	<u>Elementary Sch.</u>		<u>Middle Schools</u>		<u>High Schools</u>		Total ADM	% Growth
	No.	ADM	No.	ADM	No.	ADM		
2001-02	17	9486	8	5126	7	6421	21,033	
2002-03	18	9605	8	5100	7	6449	21,154	0.6%
2003-04	18	10362	8	5020	7	6480	21,862	3.3%
2004-05	18	10503	8	5077	7	6462	22,042	0.8%
2005-06	18	10976	8	5200	7	6590	22,766	3.3%
2006-07	18	11059	8	5242	7	6486	22,787	0.1%
2007-08	18	11481	8	5321	7	6683	23,485	3.1%

ADM - Average Daily Membership, from daily attendance counts at each school.

NOTE - Camp Lejeune has its own school system for dependents living on base. The 3,135 students are not included in the table above. Camp Lejeune has six elementary schools, one middle school and one high school.

Construction Permits and Values

Fiscal Year	<u>Commercial</u>		<u>Residential</u>		Total Value
	Number	Value	Number	Value	
2000-01	136	\$ 9,068,000	943	\$ 60,274,000	\$ 69,342,000
2001-02	72	23,666,000	1075	93,267,000	116,933,000
2002-03	105	38,056,000	872	87,596,000	125,652,000
2003-04	381	37,124,000	2397	174,249,000	211,373,000
2004-05	285	51,539,397	2507	226,339,227	277,878,624
2005-06	329	22,710,374	3689	227,099,100	249,809,474
2006-07	349	45,745,643	4452	250,872,904	296,618,547

Agriculture

Primary products: swine, turkeys, forest products, tobacco, corn and grains. The County ranked 4<sup>th</sup> in the State in 2005 for cash receipts received from the marketing of turkeys.

	<u>Crops</u>	<u>Livestock</u>	<u>Gov't Payments</u>	<u>Total</u>
1999	\$ 17,892,000	\$ 50,096,000	\$ 2,971,000	\$ 70,959,000
2000	21,206,000	56,830,000	3,809,000	81,845,000
2001	19,668,000	58,406,000	2,909,000	80,983,000
2002	19,776,000	50,057,000	2,170,000	72,003,000
2003	18,372,000	53,410,000	2,092,000	73,874,000
2004	19,170,000	67,982,000	1,924,000	89,076,000
2005	17,117,000	76,429,000	12,944,000	106,490,000

NOTE - Government Payments for 2005 include payments under the Tobacco Quota buyout program.

Transportation Networks

**Highways:** The County is served by US Highways 17 and 258, and by NC highways 24 (four laned), 50, 53, 172, and 210. Interstate Highways 40 and 95 are located approximately 35 miles and 78 miles distant, respectively, and both have access by 4-lane roads from Onslow County.

**Rail:** Freight rail facilities are provided by the CSX Transportation System.

**Air:** Commercial airline service is provided at the Albert J. Ellis Airport, located approximately 13 miles northwest of Jacksonville, with daily service to Atlanta (3+ flights) and to Charlotte (7 flights). Other nearby airports include those located in New Bern and Wilmington, which are approximately one hour from Jacksonville.

**Port:** The NC Ports Authority owns and operates port facilities in Wilmington (53 miles) and Morehead City (45 miles).

Location and Features

Onslow County, formed in 1734, is located in the southeastern coastal section of North Carolina, bordering on the Atlantic Ocean. Some sections of the County are rather fertile while other areas are low-lying forest lands. Timber companies own substantial woodland acreage in the County and forest products are another important farm commodity. Jacksonville (est. 2007 population of 74,433), the county seat, is a retail and services center and attracts shoppers from parts of several surrounding counties. Residential and commercial development continues at a steady pace. Camp LeJeune, a large Marine Corps Base, encompasses over 153,000 acres in the southern portion of the County. It is one of the largest military installations in the country with approximately 45,700 military personnel (41,370 in 2006) and 5,390 civilian employees (4,675 in 2006). A significant number of retirees and dependents (approx. 100,000) also live in this region, including adjacent counties. The economic impact in Onslow County from Camp Lejeune is approximately \$2.0 billion annually, with another \$1.0 billion in the surrounding area, including retiree pay. The associated Naval Hospital employs an additional 1,100 persons. Much of the coastal property in the County is located within the military reservation. However, the other coastal islands (approximately 12 miles in length within Onslow County) have been rapidly developed in recent years. All of North Topsail Beach and about 1/3 of Surf City (both on Topsail Island) are located in Onslow County. Hammock's Beach State Park (Bear Island) is located in the County and is accessible only by ferry. Two other barrier islands, located adjacent to Camp Lejeune, remain undeveloped.

Onslow County, along with twelve other counties in eastern North Carolina, levies a \$5.00 per vehicle fee annually which is being used to fund development of the N.C. Global TransPark, a transportation and industrial complex located in Kinston. The Park encompasses 2,460 acres. Onslow County borrowed \$1.2 million from the TransPark Authority, and the proceeds have been used to develop a 730-acre industrial park (Burton Park). The park is located about 35 minutes from Interstate Highway 40 and about ten minutes from the Ellis Airport. Two other industrial parks are also available. The County's coastal location lends to attracting and retaining residents with development primarily along the beaches (Surf City and North Topsail Beach), along the Atlantic Intracoastal Waterway and adjacent areas.

**(Total Rating: 84 points out of 100 maximum)**  
**(Previous Rating: 84 points)**

Government Structure: Board of Commissioners (five members) and County Manager.

Mr. Alvin W. Barrett, Jr. is Interim County Manager/Finance Officer.

***NORTH CAROLINA MUNICIPAL COUNCIL***

*Tony L. Blalock*

Tony L. Blalock  
President

Survey made by  
Tony L. Blalock: atp

*This supplements our Reports Nos. 182 to 182-LL. Report No. 182-LL was released on May 11, 2006.*





